Honolulu, Hawaii

RE: H.B. No. 1704 H.D. 1

Honorable Joseph M. Souki Speaker, House of Representatives Twenty-Seventh State Legislature Regular Session of 2014 State of Hawaii

Sir:

Your Committee on Finance, to which was referred H.B. No. 1704 entitled:

"A BILL FOR AN ACT RELATING TO RESEARCH ACTIVITIES,"

begs leave to report as follows:

The purpose of this measure is to provide that notwithstanding provisions of the Internal Revenue Code made operative for state tax purposes, the state income tax credit for research activities shall be calculated based on all qualified research expenses incurred in the taxable year instead of on the increase of expenses over those incurred in previous years.

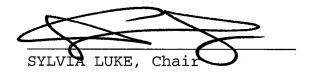
The High Technology Development Corporation, The Chamber of Commerce of Hawaii, Pacific Marine & Supply, Makai Ocean Engineering, TeraSys Technologies, Oceanit, Navatek Ltd., and numerous individuals supported this measure. The Department of Taxation opposed this measure. The Tax Foundation of Hawaii commented on this measure.

Your Committee has amended this bill by:

- (1) Changing its effective date to July 1, 2030, to facilitate further discussion; and
- (2) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1704, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1704, H.D. 1, and be placed on the calendar for Third Reading.

Respectfully submitted on behalf of the members of the Committee on Finance,



State of Hawaii House of Representatives H 5CR 656-14 The Twenty-seventh Legislature

Record of Votes of the Committee on Finance

Bill/Resolution No.: HB 1704	Committee Referral: FIN	Date: 2/19/2014		
θ The committee is reconsidering its previous decision on the measure.				
The recommendation is to: θ Pass, unamended (as is) Pass, with amendments (HD) θ Hold θ Pass short form bill with HD to recommit for future public hearing (recommit)				
FIN Members	Ayes	Ayes (WR)	Nays	Excused
1. LUKE, Sylvia (C)		Solution of the second of the		
2. NISHIMOTO, Scott Y. (VC)		s. Vida manadako 1748ankilara ili sasa 1900	CVVCR-sea Take known berw Reamstaken - 47 M. mor	
3. JOHANSON, Aaron Ling (VC)				
4. CULLEN, Ty J.K.		** : : : : : : : : : : : : : : : : : :		in the second of
5. HASHEM, Mark J.				
6. ING, Kaniela			12.17.1度期的中心聚合,这类效	20.47.2535.5327.27.37.5
7. JORDAN, Jo				
8. KOBAYASHI, Bertrand 9. LOWEN, Nicole E.				
9. LOWEN, Nicole E. 10. MORIKAWA, Dee			K I F I I I I I I I I I I I I I I I I I	
11. ONISHI, Richard H.K.				
12. TAKAYAMA, Gregg	YZOSONĖSKA YSENIA IŠŠA KOSERI (1997) KAJO IN S			744-164-248-1 -3
13. TOKIOKA, James Kunane				1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1
14. WOODSON, Justin H.	1.00 - 1.	Production of the second second second second second	menta, un filo de la companya de la	S. Alger and makes the property of the state
15. YAMASHITA, Kyle T.				
16. FUKUMOTO, Beth				
17. WARD, Gene				
TOTAL (17)	19			2
The recommendation is: Adopted B Not Adopted If joint referral, did not support recommendation. committee acronym(s)				
Vice Chair's or designee's signature:				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				